

**CITY OF WINFIELD**  
**INDEPENDENT ACCOUNTANT'S EXAMINATION REPORT**  
**FOR THE PERIOD**  
**JULY 1, 2012 THROUGH JUNE 30, 2013**

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**City of Winfield**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Chris Finnell	Mayor	Dec 2015
Jan Walter	Council Member	Dec 2013
Ryan Rees	Council Member	Dec 2013
Roger Sharp	Council Member	Dec 2015
Ryan Kinneberg	Council Member	Dec 2013
David Good	Council Member	Dec 2015
Angie Oepping	City Clerk	Indefinite
Leonard Hesseltine	Treasurer	Indefinite
Wyatt Peterson	City Attorney	Indefinite

# **TED M. WIEGAND, CPA**

606 East Madison Street

Mount Pleasant, Iowa 52641

## Independent Accountant's Examination Report

To the Honorable Mayor  
and Members of City Council:

I have performed an examination of the City of Winfield pursuant to Chapter 11.6 of the Code of Iowa. Accordingly, I have applied certain tests and procedures to selected accounting records and related information of the City of Winfield for the period July 1, 2012 through June 30, 2013. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.

The procedures I performed are summarized as follows:

1. I reviewed selected City Council meeting minutes for compliance with Chapters 21, 372.13(6) and 380 of the Code of Iowa.
2. I reviewed the City's internal controls to determine if proper control procedures are in place and incompatible duties, from a control standpoint, are not performed by the same employee.
3. I reviewed security bond coverage for compliance with Chapter 64 of the Code of Iowa.
4. I obtained and reviewed the City Clerk's financial reports and selected bank reconciliations to determine whether the bank balances properly reconciled to the general ledger account balances and monthly financial reports provided to the City Council.
5. I reviewed City funds for consistency with the City Finance Committee's (CFC) recommended uniform chart of accounts and to determine required funds and fund balances are properly maintained and accurately accounted for.
6. I reviewed the City's fiscal year 2013 Annual Financial Report (AFR) to determine whether it was completed and accurately reflects the City's financial information.
7. I reviewed investments to determine compliance with Chapter 12B of the Code of Iowa.
8. I reviewed compliance with Chapters 12C.2, 12B.10B and 556.1(12) of the Code of Iowa pertaining to required depository resolutions, investment policy and reporting of unclaimed property to the State of Iowa.
9. I reviewed and tested selected receipts for accurate accounting and consistency with the CFC recommended chart of accounts.
10. I reviewed and tested selected disbursements for proper approval, adequate supporting documentation, accurate accounting and consistency with the CFC recommended chart of accounts and compliance with the public purpose criteria established by Article III, Section 31 of the Constitution of the State of Iowa.

11. I reviewed transfers between funds for propriety, proper authorization and accurate accounting.
12. I reviewed and tested selected payroll and related transactions for propriety, proper authorization and accurate accounting.
13. I reviewed the annual certified budget for proper authorization, certification and timely amendment.

Based on the performance of the procedures described above, I identified various recommendations for the City. My recommendations are described in the Detailed Recommendations section of this report. Unless reported in the Detailed Recommendations, items of non-compliance were not noted during the performance of the specific procedures listed above.

I was not engaged to and did not conduct an audit of the operations of the City of Winfield, the objective of which is the expression of opinions on financial statements. Accordingly, I do not express opinions on the City's financial statements. Had I performed additional procedures, or had I performed an audit of the City of Winfield, additional matters might have come to my attention that would have been reported to you.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Winfield and other parties to whom the City of Winfield may report. This report is not intended to be and should not be used by anyone other than these specified parties.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of the City of Winfield during the course of the examination. Should you have any questions concerning any of the above matters, I would be pleased to discuss them with you at your convenience.

TED M. WIEGAND, CPA

March 13, 2014

City of Winfield

Detailed Recommendations

For the period July 1, 2012 through June 30, 2013

- (A) Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. I noted that segregation of duties was inadequate for the cash, investments, long term debt, receipts, disbursements, payroll and reporting cycles.

Recommendation – I realize segregation of duties is difficult with a limited number of employees. The City should review its control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials. I recommend the City Treasurer review monthly bank reconciliations, and this review should be evidenced by the signature or initials and the date of the review.

- (B) Depository Resolution – The City's depository resolution dated in October 2010 was exceeded during the year.

Recommendation – The City should adopt a new depository resolution that specifies adequate maximum deposit amounts. The depository resolution should be reviewed and updated as necessary.

- (C) Investment Policy – The City's investment policy dated in 1992 is out of date, as it is based on Iowa Code Chapter 452.

Recommendation – The City should adopt a new investment policy to comply with the provisions of Chapter 12B.10B of the Code of Iowa. The investment policy should be reviewed and updated from time to time.

- (D) City Council Minutes – City Council minutes for one meeting were not published within fifteen days as required by Chapter 372.13(6) of the Code of Iowa. Published minutes for one meeting did not include a summary of receipts and disbursements as required by Chapter 372.13(6) of the Code of Iowa. However, there is evidence the City submitted the minutes to the newspaper in a timely manner, and that the summary of receipts and disbursements was properly submitted by the City to the newspaper.

Recommendation – The City should notify the newspaper that the summary of receipts and disbursements by fund must be published as required by law.

- (E) Unclaimed Property – Chapter 556.1(12) of the Code of Iowa requires that unclaimed property be reported to the State Treasurer annually before November 1 as required by Chapter 556.11 of the Code of Iowa. The City has not reported unclaimed property annually as required.

Recommendation – The City should report unclaimed property to the State Treasurer annually before November 1.

- (F) Clerk's Monthly Report – The Clerk's monthly report to the council does not report cash and investment balances.

Recommendation – The Clerk should include information about cash and investment balances on the monthly report. The amount reported should be the Clerk's balance from the monthly bank reconciliation.

City of Winfield

Detailed Recommendations

For the period July 1, 2012 through June 30, 2013

- (G) Reconciliation of Cash Fund Balances to Receipts and Disbursements – Cash Fund Balances were not reconciled to Receipts and Disbursements throughout the year. There were unreconciled differences between Cash and Receipts and Disbursements for some months.

Recommendation – A reconciliation should be prepared monthly, to prove that the change in cash equals the net change of receipts and disbursements. Any reconciling items discovered should be resolved so that total receipts and disbursements according to the system are accurate.

- (H) Certified Budget – Disbursements during the year ended June 30, 2013 exceeded the amounts budgeted in the public works and debt service functions. Chapter 384.20 of the Code of Iowa states, in part, “Public monies may not be expended or encumbered except under an annual or continuing appropriation.”

Recommendation – The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

- (I) Disbursements – Sales Tax – The City of Winfield is exempt from paying sales tax. However, when making purchases using a credit card, the City sometimes pays sales tax. I noted that in April 2013, the City paid a total of \$45.71 sales tax on 3 purchases.

Recommendation – The City should take reasonable steps to minimize or eliminate instances of paying sales tax.

- (J) Public Purpose Documentation – The public purpose of one disbursement reviewed was not readily apparent and no documentation was present to explain the public benefit of the disbursement. The disbursement was \$1,075 for a 2012 6X10 tilt trailer for the public works department. With explanatory documentation this disbursement would not be questionable.

Recommendation – The City should include documentation with invoices that demonstrates the public benefit of any disbursement that may appear to be questionable.

- (K) Annual Financial Report – I noted certain misstatements reported on the June 30, 2013 Annual Financial Report. Charges for service revenue was overstated \$11,307 as the accounting system has been making automated accrual entries related to energy assistance. Use of money and property revenue was understated \$210. Public safety expenditures were overstated \$22,600 as a result of the journal entry for allocating funds to the police and fire reserve accounts. Gas utility expenditures were understated \$11,954 as the City’s hired accountant adjusted them to arrive at ending fund balances. This adjustment was needed as the other misstatements had not been identified. Also, June 30, 2012 total fund balances were understated \$463 and June 30, 2013 total fund balances were understated \$241.

Recommendation – I have identified the cause of each of these misstatements and have reviewed them with the City Clerk. The City should work with its software provider to prevent the automated accrual entries related to energy assistance that are overstating Utility revenues. The City Clerk should reconcile cash balances to receipts and disbursements monthly, from July 2013 forward, to identify any discrepancies that should then be resolved.